

**Statement of Congressman Ron Kind**  
H.R. 4227, the Middle Class Alternative Minimum Tax Relief Act  
May 5, 2004

Mr. Chairman, I strongly support providing relief to middle-income American's from an encroaching Alternative Minimum Tax (AMT).

Without action this year to extend the current AMT exemption levels passed in 2003, millions of Americans will feel the AMT crunch in 2005. While the AMT was enacted in 1969 to prevent high-income earners from using loopholes in the tax code to avoid paying their fair share, the AMT is increasingly becoming an unfair tax burden on millions of middle-income Americans. Because of factors including inflation and income tax reductions, the complex calculations used by individuals and couples to determine if they must pay any AMT have adjusted and now unfairly punish middle-income families, particularly those with children in high-tax states.

For the third year in a row, the Internal Revenue Service's Taxpayer Advocate Service's Report to Congress lists AMT encroachment as the most serious problem encountered by taxpayers. The AMT now impacts more than 2.4 million Americans. Unless reformed, the AMT will impact 12.4 million in 2005 and more than 30 million Americans in 2010. On top of that, even more taxpayers will be forced to perform intense computations to determine if AMT applies to them.

While the majority of the 2003 tax proposal that passed the House was fiscally irresponsible and designed to benefit only the wealthiest of Americans, its provision providing increased AMT exemptions in 2003 and 2004 had bipartisan agreement. However, while everyone seems to agree that the AMT needs to be reformed, the President's budget for fiscal year 2005 again covered up the full cost of fixing the AMT – estimated by the CBO at over \$500 billion – by proposing another one-year extension. A comprehensive, bipartisan proposal is long overdue to address the problems of the AMT, and it is important that Congress account for this necessary reform in its budget resolutions.

As we reform the AMT to provide relief to middle-income Americans, we need to act in a fiscally responsible manner. It is unfair to Americans today, and especially the next generation, to delude ourselves by thinking the record budget deficits facing our nation, estimated by the White House at over \$500 billion this year alone, will simply go away.

As a member of the House Budget Committee, I supported a budget resolution that allows for extending AMT relief while still reducing the deficit. This approach requires tough choices, prioritization, and a bipartisan commitment to helping working families. With the

House-Senate conference committee still negotiating the budget resolution for fiscal year 2005, I remain hopeful that we will be able to provide Americans continued tax relief today without raising the debt burden on our children's generation.

The substitute offered today by Representative Neal is a more responsible bill that will provide relief to more than 10 million families while not increasing the budget deficit. By closing corporate tax shelters, the Neal substitute provides a responsible offset to benefit more American families without burdening our children with added debt that they will have to pay off. Further the Neal substitute unambiguously and completely exempts married couples with incomes under \$250,000 from the AMT. This is a superior approach, helps more Americans, and ensures most middle income taxpayers will not have to worry about the AMT.

Mr. Chairman, it is important that we act today to ensure average income Americans will not unfairly face the alternative minimum tax in 2005. However, I believe we can and must provide this relief in a fiscally responsible manner that will not burden future generations of Americans. Just as it was true last week when we passed legislation permanently repealing the marriage penalty tax, our work is far from over in helping working families face the challenges of today's economy. We must come together in a bipartisan manner to craft a fiscally responsible budget resolution.